Canada Border Services Agency | Agence des services frontaliers du Canada

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Memorandum D17-1-8

Ottawa, August 18, 2018

Release Prior to Payment Privilege

In Brief

1. This Memorandum has been renumbered and revised or minor wording changes for the purpose of clarity.
2. A section entitled "Definitions" has been added to this Memorandum.
3. Paragraphs 3(c), 6, 38, and 47, have been amended to add a reference to Memorandum D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*.
4. Paragraph 4(b) has been amended to request that an email address be provided when requesting an account security number.
5. Paragraph 4(c) requests that a central accounting office be provided when requesting an account security number.
6. Paragraph 5 has been added to include a reference that the CBSA will issue a five digit account security number.
7. Paragraph 14 has been added to inform that when an importer obtains release at one CBSA office only, solely goods which are unconditionally free of duties, no security deposit shall be required.
8. Paragraph 19 has been added to remind importers of their obligations under the *Customs Act* and that even though they may use the services of a customs broker they remain liable for payment of duties and taxes should the broker not remit the money to the CBSA.
9. Paragraph 21 has been added to include the information that only a licensed customs broker may account and pay on behalf of an importer for compensation, fee or charge.
10. Paragraph 22 has been added to include a reference to the list of licensed customs brokers published on the CBSA website.
11. Paragraph 23 has been added to inform importers and customs brokers of the requirement for a customs broker to have an agency agreement to act on behalf of an importer.
12. Paragraph 30 introduces the three options available to customs brokers to reduce their security requirements.
13. The section on the "Importer Direct Security Option" (paragraphs 31 to 42) has been revised to reflect changes to the way the CBSA accepts payment.
14. The section on "GST Direct Payment Option" (paragraphs 43-50) has been modified to reflect the changes to the way the CBSA accepts payment.
15. Paragraph 50 has been added to advise brokers that they are required to maintain option letters as part of their records and that the CBSA reserves the right to request that the letter be provided.
16. Paragraph 54 has been modified to include a reference that the security review should be completed by October 15th of the current year and increases or decreases should be submitted to the Commercial Registration Unit prior to that date.

17. Paragraph 56 has been amended to advise that continued misuse of the "G" or "I" option indicators by customs brokers may result in the loss of use of the option for a one year period.
18. Paragraph 64 has been modified to include that in the case of a surety bond, the CBSA will provide relevant documentation to substantiate the claim and will file a claim to the financial institution or surety within the one-year liability period.
19. Paragraph 65 has been amended to include a reference to a customs broker's security.
20. Paragraph 66 has been added to reflect the acceptance of uncertified cheques up to CAN$5,000.
21. Paragraph 68(b) has been amended to request that an email address be included.
22. Appendix A and B have been amended. The examples of the Form D120, *Customs Bond*, have been removed and instead a link to the form has been provided. The completion instructions for importers and customs brokers have been revised to reflect current procedures.
23. Appendix C, Importer Direct Security Option letter, and Appendix D, GST Direct Payment Option letter, have been amended to reflect changes in the way the CBSA accepts payment.

This memorandum explains the policies and procedures related to the privilege associated with the release of imported goods prior to payment of duties and taxes and how to post security for the acceptance of uncertified cheques.

Legislation

Customs Act (sections 32, 33 and 35)
Accounting for Imported Goods and Payment of Duties Regulations
Agents' Accounting for Imported Goods and Payment of Duties Regulations
Customs Brokers Licensing Regulations

To obtain a copy of the legislation or regulations, consult the Justice Canada web site at www.justice.gc.ca.

Guidelines and General Information

Definitions

Account Security
An amount of money or a bond posted by an importer or a customs broker, in accordance with Memorandum D1-7-1, Posting Security for Transacting Bonded Operations, for the release prior to payment privilege (RPP) or for the acceptance of uncertified cheques, to secure the duties and taxes on imported goods. (Clients who are releasing goods under an account security number, do not have to post separate security should they wish to write cheques in excess of CAN$5,000.)

Account Security Number (ASEC)
A five digit number assigned by the CBSA (Commercial Registration Unit) to an importer or licensed customs broker who has posted security with the CBSA for the release prior to payment privilege or for the acceptance of uncertified cheques. This number forms part of the transaction number on commercial releases.

Business Number (BN9)

A nine digit numerical Canada Revenue Agency (CRA) business registration number used to uniquely identify legal entity information of a business when dealing with the federal, provincial and municipal governments (e.g., 123456789).

Business Number RM Account (BN15)
A 15 digit number assigned by the CRA, made up of the 9 digit business number appended by a 6 digit alpha-numerical number used to uniquely identify the business's import/export accounts (e.g., 123456789RM0001).

Duties
Under the *Customs Act*, duties include duties and taxes on imported goods under the *Customs Tariff*, the *Excise Act, 2001*, *Excise Tax Act*, the *Special Imports Measures Act* and any other Act of Parliament. However, for purposes of some sections and articles of the Customs Act, the term 'duties' does not include the taxes applied under Part IX of the *Excise Tax Act* (i.e., the Goods and Services Tax (GST)). This means that in the case of a request for a refund of duty, GST is not refunded. Under the *Customs Tariff*, duties include duties and taxes levied on imported or exported goods, except for the duties and taxes provided for in Sections 53, 55, 60, 63, 68, or 78, or the temporary duties levied under any of Sections 69 to 76.

Licensed Customs Broker
Is an individual, partnership, or corporation, licensed by the CBSA in accordance with the *Customs Broker Licensing Regulations*, who acts as agent to transact business with the CBSA on behalf of the importer or owner. While in most cases, any authorized agent can transact business with the CBSA, only a licensed customs broker can account for goods and pay duties and taxes subject to section 32 of the *Customs Act*, as agent for the importer or owner, unless the person does so on a casual basis without compensation, charge or fee.

Release Prior to Payment Privilege

1. The Release Prior to Payment (RPP) Privilege is a privilege that entitles importers and licensed customs brokers who have posted financial security and obtained an account security number to:

(a) obtain the release of goods from the CBSA before paying duties and taxes;

(b) defer accounting for goods; and,

(c) defer payment of duties and taxes.

2. Importers without account security, who are using a licensed customs broker with RPP privileges to transact business with the CBSA on their behalf, may also benefit from release prior to payment and deferred accounting and payment.

Application for the Release Prior to Payment Privilege

3. An importer or customs broker who wishes to obtain the release prior to payment privilege shall:

(a) register CRA for a business number with an importer/exporter (RM) account (refer to Memorandum D17-1-5, *Registration, Accounting and Payment for Commercial Goods*); and

(b) post security (refer to Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations*);

(c) pay in accordance with Memorandum D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*.

4. In addition to the security deposit, a letter with the following information must be provided when applying for this privilege:

(a) name and address of importer or customs broker posting security;

(b) contact name, e-mail address, telephone and fax numbers;

(c) purpose of the security being posted. (i.e., Release of Goods Prior to Payment of Duties); and,

(d) business number, including all import/export (RM) accounts.

(e) central accounting office (office used for provincial statutory holidays extensions and accounting overrides).

5. Once the security and information provided is reviewed and accepted by the CBSA, the CBSA's Commercial Registration Unit will issue the importer or customs broker a five digit (numerical) account security number which forms part of the commercial transaction number.

6. The RPP privilege is subject to the terms and conditions of this memorandum, and Memorandums D1-7-1, *Posting Security for Transacting Bonded Operations*, D17-1-5, *Registration, Accounting and Payment for Commercial Goods*, and D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*. The CBSA reserves the right to suspend the importer's or customs broker's privilege based on non-compliance.

Release Prior to Payment Privilege Security

7. Security can be in the form of cash, certified cheque, money order, transferable bond issued by the Government of Canada, and/or a Form D120, *Customs Bond*, issued by either a surety or financial institution as detailed in Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations*.

8. Security is to be posted in the legal entity name as it is registered against the business number.

9. Security is to be forwarded to CBSA Headquarters (HQ), Commercial Registration Unit (Ottawa) to obtain this privilege.

Commercial Registration Unit
Canada Border Services Agency
12th floor, Sir Richard Scott Building
191 Laurier Avenue West
Ottawa ON K1A 0L8

Email: CBSA-ASFC_Commercial_Registration_Agrement_commercial@cbsa-asfc.gc.ca

Release Prior to Payment Security - Importers

10. Security for resident importers is based on their average monthly duties and taxes owing (less the GST), up to a maximum of CAN$ 10 million.

11. Security for non-resident importers is based on their average monthly duties and taxes owing (including GST), up to a maximum of CAN$10 million.

12. The minimum security requirement to transact business at all CBSA offices in Canada is CAN$5,000.

13. The minimum security requirement to transact business at one CBSA office in Canada is CAN$250.

14. Where an importer obtains release at one CBSA office only, solely goods which are unconditionally free of duties, no security deposit shall be required.

15. Completion instructions for an importer's Form D120, *Customs Bond*, can be found in Appendix A of this Memorandum. This form is available in a fillable format on the CBSA website at www.cbsa-asfc.gc.ca under "publications and forms".

16. Security (bonds, riders, endorsements, certified cheques etc.) for the release prior to payment privilege must be submitted to the CBSA's Commercial Registration Unit, via registered mail, at the address indicated in paragraph nine of this memorandum. Other documentation can accompany the security or be sent via email to the address to. CBSA-ASFC_Commercial_Registration_Agrement_commercial@cbsa-asfc.gc.ca.

17. The Commercial Registration Unit will confirm receipt of the security to the importer and the surety or financial institution, within 21 calendar days. Upon acceptance of the posted security, the five-digit account security number is issued to the importer.

Using the Services of a Customs Broker

18. Importers may transact business themselves with the CBSA or they may authorize a licensed customs broker to transact business with the CBSA on their behalf.

19. Although importers may choose to use the services of a licensed customs broker to transact business on their behalf, the importer is ultimately responsible for the accounting documentation, payment of all duties and taxes, and any subsequent corrections such as re-determination of classification, origin and valuation. The importer remains liable for all duties owing until either the importer or the customs broker pays them.

20. Importers who use a customs broker to carry out responsibilities on their behalf are responsible for the accuracy and completeness of the import/export transactions. This includes any Administrative Monetary Penalty System (AMPS) penalties that may be issued for non-compliance. It is recommended that businesses work closely with customs brokers and with the CBSA to ensure that import transactions fully comply with all CBSA requirements.

21. Under the *Agents' Accounting for Imported Goods and Payment of Duties Regulations*, only a licensed customs broker can account and pay on behalf of an importer under section 32 of the *Customs Act* unless they do so on a casual (one-time or rare occurrence) basis without compensation, fee or charge.

22. A list of licensed customs brokers may be found on the CBSA website at https://www.cbsa-asfc.gc.ca/services/cb-cd/eng.html.

23. A customs broker must have a valid, duly authorized agency agreement / power of attorney with an importer to act on their behalf (see Memorandum D1-6-1, *Authority to Act as an Agent*).

24. Fees imposed by customs brokers are business to business transactions and are not regulated by the CBSA.

Release Prior to Payment Security – Customs Brokers

25. Security for customs brokers is based on their average monthly duties and taxes owing (including GST) up to a maximum of CAN$10 million.

26. Customs brokers wishing to obtain release prior to payment privileges must submit their security along with their brokerage application (refer to Memorandum D1-8-1, *Licensing of Customs Brokers*). This security is separate from the CAN$50,000 customs broker licence security. Any changes to their security once the customs broker licence application is approved, is to be sent to the CBSA-HQ, Commercial Registration Unit, at the address indicated in paragraph nine of this memorandum.

27. The minimum security requirement to transact business at all CBSA offices in Canada is CAN$25,000.

28. The minimum security requirement to transact business at one CBSA office is CAN$5,000.

29. Completion instructions for a customs broker's Form D120, *Customs Bond*, can be found in Appendix B of this Memorandum. This form is available in a fillable format on the CBSA web site under "publications and forms".

Options to Reduce Customs Broker's Account Security Requirements

30. Unlike resident importers, customs brokers are required to include the GST as part of the calculation to determine the amount of security they are required to post. The CBSA provides three options to help customs brokers reduce the amount of security they are required to post. These options are the:

(a) Importer Direct Security Option;

(b) GST Direct Payment Option; and,

(c) Interim Payment Option.

Importer Direct Security Option

31. The Importer Direct Security (IDS) Option allows customs brokers to reduce their level of security by the importer's average monthly duties and taxes for transactions submitted by the broker, provided the importer completes an IDS Option Agreement (see Appendix C) authorizing the customs broker(s) to transact on the importer's behalf. Importers assume all responsibility for the duties and taxes for transactions submitted by their broker using this option.

32. Only importers who have obtained their own account security number by posting account security for the RPP privilege are permitted on the IDS Option.

33. While importers on this option have their own account security number, business may be transacted under the importer's own account security number or may be transacted using the customs broker's account security number. Should a broker submit transactions for IDS option importers under the broker's ASEC, the broker must put an "I" in the payment field (Field 6) of the Form B3-3, *Canada Customs Coding Form*. The associated amounts will appear on the importer's statement of account. The customs broker should ensure the importer has a valid ASEC prior to using this option. Should a customs broker place an "I" in Field 6 without ensuring that their importer has an ASEC, the amount will be reflected back to the broker's ASEC and account.

34. Should the importer wish to authorize the disclosure of information regarding their account security profile to the customs broker, the IDS Option Agreement is to be submitted to the CBSA, Commercial Registration Unit, to be placed on the importer's file. A specimen of the IDS Option Agreement can be found in Appendix C of this memorandum.

35. The CBSA no longer acknowledges IDS Option Agreement; however, when the CBSA-HQ, Commercial Registration Unit receives a valid letter, it will be placed on the importer's account security file. In the event that a security is amended, cancelled or suspended, the CBSA will notify the customs broker, within 21 calendar days from the date of receipt.

36. The CBSA requires a letter or an e-mail from the importer if they wish to have a customs broker removed from their account security profile. Once an acknowledgement is sent to all parties, the customs broker will no longer be notified of activities on the importer's account.

37. Importers on the IDS Option agree to pay the CBSA the full amount of duties and taxes owing by the last business day of the month for all (B3) transactions processed by their broker on their behalf during the billing period. Any exceptions will be communicated by the CBSA to account holders at the beginning of the calendar year, and will be posted on the CBSA's website under Commercial Payments and Accounts.

38. In most cases, payments to the CBSA are to be made electronically. In cases where cheques are still permitted, they are to be made payable to the Receiver General for Canada. For more information about payments of account, consult Memorandum D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*.

39. If payment is not made by the due date or if there is misuse of the option, this option may be suspended. If an importer provides payment to their customs broker and should a customs broker fail to remit the importer's payment to the CBSA, the importer remains liable for the payment.

40. An importer cannot be on the IDS option and the GST Direct Payment option at the same time.

41. Both resident and non-resident importers are permitted on IDS Option.

42. Failure to provide payment by the due date may result in the importer being removed from this option.

GST Direct Payment Option

43. In order to reduce a customs broker's security requirement, the customs broker may place resident importers on the GST Direct Payment Option, thus allowing for a reduction in the broker's security equivalent to the importer's average monthly GST owing and the federal portion of the Harmonized Sales Tax (HST) for transactions submitted by the broker. Non-resident importers are not permitted on the GST Direct Payment option. Importers assume all responsibility for the GST and the federal portion of the HST for transactions submitted by their broker on their behalf using this option.

44. These importers must sign a GST Direct Payment Option Agreement letter with the customs broker. An example of this letter is found in Appendix D of this memorandum.

45. Under this option, business is transacted using the customs broker's account security number. Brokers submitting importer transactions under this option are to put a "G" in the payment field (Field 6) of the B3-3, *Canada Customs Coding Form*. The associated amounts will appear on the importer's statement of account.

46. Under this option, the importer agrees to pay the Canada Border Services Agency (CBSA) directly, by the last business day of the month, the full amount of the Goods and Services Tax (GST) and the federal

portion of the HST levied on imported goods under the *Excise Tax Act*, for all (B3) transactions processed by the broker, on their behalf, during a billing period. Any exceptions will be communicated by the CBSA to account holders at the beginning of the calendar year, and will be posted on the CBSA's website under Commercial Payments and Accounts.

47. Payments must be made in accordance with Memorandum D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*. In most cases, payments to the CBSA are to be made electronically. In cases where cheques are still permitted, they are to be made payable to the Receiver General for Canada.

48. Failure to provide payment by the due date may result in the importer being removed from this option.

49. An importer cannot be on the Importer Direct Security Option and the GST Direct Payment Options at the same time.

50. Customs brokers must maintain the GST Direct Payment Option agreement letters as part of their records. The CBSA reserves the right to request this documentation should there be an issue with payment or for program monitoring.

Interim Payment Option

51. Customs brokers may apply to be on the Interim Payment Option in lieu of increasing their current level of security. Under this option, a customs broker must commit each year to the CBSA in writing, that they will make payments whenever the amount of outstanding duties and taxes exceeds their level of security. Failure to make the necessary payments may result in the customs broker being removed from this option, thereby requiring an increase in their security level.

52. A request to participate on the Interim Payment Option is to be submitted, in writing, or via email every year after July 25th and before October 15th of the review year, to the CBSA's Commercial Registration Unit, at the address indicated in paragraph 9. The Commercial Registration Unit will send an acknowledgement notifying of their decision.

Maintaining Security Levels for Importers and Customs Brokers

53. Importers and customs brokers are responsible for the annual review of their security level and are to maintain a record of their review on file as the CBSA may request a copy for verification purposes. When additional security is required, the importer or customs broker is to submit additional security (i.e., a rider, endorsement or an amendment to the Form D120, *Customs Bond* or other acceptable form of security (refer to Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations*) to the CBSA's, Commercial Registration Unit at the address indicated in paragraph nine.

54. The review period is from July 25 of the previous year to July 24 of the current year. The review should be completed by October 15th of the current year and increases or decreases should be submitted to the Commercial Registration Unit prior to that date.

55. Security levels are monitored by the CBSA. Failure to comply with security requirements may result in the suspension of the release prior to payment privilege.

Monitoring of Late Payment and Non-compliance

56. Late payment history will be monitored by the CBSA's, Commercial Registration Unit. Importers who are late paying three times in a one-year period may be removed from the GST Direct Payment Option or IDS Option, and their customs broker will be notified by the CBSA's Commercial Registration Unit. Should the customs broker continue to use their own account security privilege for these importers, the customs broker's security will be held responsible for the duties and taxes for these transactions. The importer may be placed back on the GST Direct Payment Option or the IDS Option after one year following their date of suspension. Continued misuse of the "G" or "I" option indicators by customs brokers may result in the loss of use of the option for a one year period.

57. Importers with their own release prior to payment privilege may be suspended after their third late payment. The CBSA's Commercial Registration Unit will notify these importers in writing or via e-mail of their non-compliance.

58. The CBSA reserves the right to suspend the RPP privilege if it has reason to believe there could be payment issues (i.e., bankruptcy, bankruptcy protection).

59. The Administrative Monetary Penalty System (AMPS) contravention C336 applies to late payments of duties and taxes owing. Refer to Memorandum D22-1-1, *Administrative Monetary Penalty System*, for further information.

Customs broker non-compliance

60. The CBSA's Commercial Registration Unit is to be notified immediately by the broker or by the CBSA payment office, when a customs broker fails to pay their statement of account (B3s) for the billing period.

61. Customs brokers who do not pay their total (B3) transactions for the billing period in full by the due date may be placed on a daily notice payment schedule until the outstanding debt is paid. In addition, customs brokers may be required to pay at least 5% of the outstanding B3 amount for all previous billing period, each day, until the outstanding debt is cleared.

62. Once a customs broker has been placed on daily payment, any failure to pay in full, the daily notice, may result in the suspension of the customs broker's release prior to payment privilege until the outstanding amount has been paid electronically or with a certified cheque, or until the CBSA is satisfied of the customs broker's financial stability.

63. Further actions on the part of the CBSA will be determined on a case-by-case basis.

Claims against Release Prior to Payment Security

64. When the terms and conditions for which security is taken are not met, for cash-type securities, the CBSA will withhold a sufficient portion of the security to cover the amount owing. In the case of a surety bond, the CBSA will provide relevant documentation to substantiate the claim and will file a claim to the financial institution or surety within the one-year liability period for the amount owing. The CBSA has one year after the cancellation of a security to file a claim for transactions released during the time the security was in effect.

65. If the CBSA files a claim against the importer's or customs broker's security for the RPP privilege, or if their account security has been cancelled for non-compliance, they will no longer be eligible for the privilege,

the IDS Option or the GST Direct Payment Option for a three (3) year period following the resolution of the collection action.

Acceptance of Uncertified Cheque Security

66. Importers who wish to present uncertified cheques for a total value greater than CAN $5,000 are required to post security for the Acceptance of Uncertified Cheque Privilege. This security must be enough to cover all uncertified cheques that might be given to the CBSA on a business day.

67. Importers and brokers who have posted security for the release of goods prior to payment of duties are not required to post additional security for the acceptance of uncertified cheques, unless the CBSA determines there have been issues with cheques submitted by your company.

68. In addition to the security deposit, a letter with the following information must be provided when applying for this privilege:

(a) name and address of importer or customs broker posting security;

(b) contact name, telephone, e-mail address and fax numbers;

(c) purpose for which the security is being posted (i.e., Acceptance of Uncertified Cheques); and,

(d) business number (9 digit).

69. Acceptance of Uncertified Cheque security should be submitted to the CBSA's Commercial Registration at the address indicated in paragraph nine of this memorandum. The Commercial Registration Unit will issue an account security number that the account security holder is to note on cheques.

Additional Information

70. For more information, within Canada call the Border Information Service at 1-800-461-9999. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time/except holidays). TTY is also available within Canada: 1-866-335-3237.

APPENDIX A

INSTRUCTIONS FOR THE COMPLETION OF FORM D120, *CUSTOMS BOND*

For importers

1. Indicate the bond number.

2. In field 1, enter the specific bonded activity that will be secured. For this privilege, indicate the following: "Release of Goods from the CBSA Prior to Payment of Duties".

3. Identify the relevant authority by writing in the appropriate legislation. "*Accounting for Imported Goods and Payment of Duties Regulations*".

4. Write the amount of security in words. (e.g., fifty thousand dollars)

5. Write the amount of security in figures. (e.g., $50,000)

6. In field 3A, insert the effective date (month, day, year). Release prior to payment bonds are continuous so there is no need to enter a termination date.

7. In field 4, enter the CBSA office where the activities are to be conducted. For the national privilege, enter "All CBSA offices in Canada". If security is for release at just one CBSA office, (Local security) input the applicable CBSA office.

8. In field 7, enter the principal's legal name and address

9. One signature for the principal is required. The signature must be that of the Owner, President, Chief Executive Officer (CEO), Executive Director or other similar highest ranked official. If a duly authorized official other than those mentioned above is signing the bond, a certified copy of the company by-laws and the signature of a witness will be required. The name and title of the person signing should be stated on the bond.

10. Enter the surety's or financial institution's name and address.

11. Affix the signature(s) of authorized individual(s) of the surety company or financial institution, indicate their names, titles and impress the customs bond with the corporate seal.

12. In field 8 if required, affix the name, signature and the seal of the witness.

13. In field 9, the surety or financial institution is to enter the date the bond is being completed.

(Please consult Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations*, **for signature and witness requirements)**

APPENDIX B

INSTRUCTIONS FOR THE COMPLETION OF FORM D120, *CUSTOMS BOND*

For Customs Brokers

1. Indicate the bond number.

2. In field 1, enter the specific bonded activity that will be secured. For the release of goods prior to payment privilege, insert the following: *"Remittance to Canada Border Services Agency, within the delays applicable to the importers and/or owners under relevant legislative authority for the release of goods prior to the payment of duties, of all monies that the principal, as agent for the importer and/or owner has taken to remit on account of duties"*.

3. Identify the relevant authority by writing in the appropriate legislation. "Accounting for imported goods and payment of duties regulations".

4. Write the amount of security in words. (e.g., fifty thousand dollars)

5. Write the amount of security in figures. (e.g., $50,000)

6. In field 3A, insert the effective date (month, day, year). Release prior to payment bonds are continuous so there is no need to enter a termination date.

7. In field 4, enter the CBSA office where the activities are to be conducted. For the national privilege, enter "All CBSA offices in Canada". If security is for release at just one CBSA office, (Local security) input the applicable CBSA office.

8. In field 7, enter the principal's legal name and address.

9. One signature for the principal is required. The signature must be that of the Owner, President, Chief Executive Officer (CEO), Executive Director or other similar highest ranked official. If a duly authorized official other than those mentioned above is signing the bond, a certified copy of the company by-laws and the signature of a witness will be required. The name and title of the person signing should be stated on the bond.

10. Enter the surety's or financial institution's name and address.

11. Affix the signature(s) of authorized individual(s) of the surety or financial institution, indicate their names, titles and impress the customs bond with the corporate seal.

12. In field 8 if required, affix the name, signature and the seal of the witnesses.

13. In field 9, the surety or financial institution is to enter the date the bond is being completed.

(Please consult Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations*, for signature and witness requirements)

APPENDIX C

IMPORTER DIRECT SECURITY OPTION AGREEMENT

Date

NAME OF IMPORTER *(This should be the Legal Entity Name)* has posted security for the release of goods prior to the payment of duties and taxes, and has been given the five digit account security number #####.

The business number (9 digit) of **NAME OF IMPORTER** is ##########.

NAME OF BROKER *(This should be the Legal Entity Name)* will release and account for imports on behalf of **NAME OF IMPORTER** under the broker's five digit account security number #####.

NAME OF BROKER and **NAME OF IMPORTER** agree that:

- **NAME OF IMPORTER** will pay the Canada Border Services Agency (CBSA) directly, by the last business day of the month, the full amount of duties and taxes owing for imported goods on their statement of account for all transactions submitted by **NAME OF BROKER** during the billing period.
- **NAME OF IMPORTER** will make payments in accordance with the payment procedures outlined in CBSA Memorandum D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*. In most cases, payment is to be made electronically. For instances where Memorandum D17-5-1 still allows importers to pay by cheque, it is to be made payable to the Receiver General for Canada and provided to the CBSA or to their broker for remittance to the CBSA by the payment due date.
- **NAME OF IMPORTER** accepts responsibility and liability for the payment of penalties and interest applied by the CBSA resulting from any late payment of duties and taxes. Failure to provide payment to the CBSA by the due date will result in the application of penalties and interest to **NAME OF IMPORTER** on any amounts owing.
- Importers who are late paying 3 times in a one-year period may be removed from this option. **NAME OF IMPORTER** may benefit once again from the option program after one year from the date of suspension;
- **NAME OF IMPORTER** is reminded that although they may choose to use the services of a licensed customs broker to transact business with the CBSA on their behalf, the importer is ultimately responsible for the accounting documentation, payment of all duties and taxes, and subsequent corrections;
- **NAME OF IMPORTER** authorizes **NAME OF BROKER** to communicate with the Canada Revenue Agency (CRA) regarding collections activity related to amounts owing on imported goods released under this agreement, and to release information on these transactions to the CRA;
- **NAME OF IMPORTER** authorizes the disclosure of information pertaining to their account security profile by officers of the CBSA to **NAME OF CUSTOMS BROKER** for transactions submitted by the broker.

All queries regarding this letter and the payment of duties and taxes on imported goods by **NAME OF IMPORTER** should be directed to:

Contact name:
Title:
Address:
Telephone: email:

Signed (Importer) _____ Signed (Broker) _____
(Signature of person authorized to sign for importer) *(Signature of person authorized to sign for broker)*

APPENDIX D

GST DIRECT PAYMENT OPTION AGREEMENT

Date

NAME OF IMPORTER *(This should be the Legal Entity Name)* is a resident of Canada.

The business number (9 digit) of **NAME OF IMPORTER** is **##########**.

NAME OF BROKER *(This should be the Legal Entity Name)* will release and account for imports by **NAME OF IMPORTER** under the broker's account security number **######**.

NAME OF BROKER and **NAME OF IMPORTER** agree that:

- **NAME OF IMPORTER** will pay the Canada Border Services Agency (CBSA) directly, by the last business day of the month, the full amount of the Goods and Services Tax (GST) and the federal portion of the Harmonized Sales Tax (HST) levied under the *Excise Tax Act* on imported goods, for all transactions processed on their behalf during a billing period under the account security of **NAME OF BROKER**.
- **NAME OF IMPORTER** will make payments in accordance with the payment procedures outlined in CBSA Memorandum D17-5-1, *Payment of Duties and Taxes on Imported Commercial Goods*. Payments must comply with the deadline as outlined in this Memorandum. In most cases, payment is to be made electronically. For instances where Memorandum D17-5-1 still allows importers to pay by cheque, it is to be made payable to the Receiver General for Canada and provided to the CBSA or to their broker for remittance to the CBSA by the payment due date.
- **NAME OF IMPORTER** accepts responsibility and liability for the payment of penalties and interest applied by the CBSA resulting from any late payment of the GST/HST. Failure to provide payment to the CBSA, by the due date, will result in the application of penalties and interest to **NAME OF IMPORTER** on any amounts owing.
- Importers who are late paying three times in a one-year period may be removed from this option and cannot be on the GST Direct Payment Option for another broker for the one-year period. **NAME OF IMPORTER** may benefit once again from the option program after one year from the date of suspension;
- **NAME OF IMPORTER** is reminded that although they may choose to use the services of a licensed customs broker to transact business with the CBSA on their behalf, the importer is ultimately responsible for the accounting documentation, payment of all duties and taxes, and subsequent corrections;
- **NAME OF IMPORTER** authorizes **NAME OF BROKER** to communicate with the Canada Revenue Agency (CRA) regarding collections activity related to amounts owing on imported goods released under this agreement, and to release information on these transactions to the CRA.
- **NAME OF IMPORTER** authorizes the release of information by the CBSA pertaining to their account security profile to **NAME OF BROKER**.

All queries regarding this letter and the payment of GST/HST on imported goods by **NAME OF IMPORTER** should be directed to:

Contact name:
Title:
Address:
Telephone: Fax:
e-mail:

Signed: _____ Signed: _____
(Signature of person authorized to sign for importer) *(Signature of person authorized to sign for broker)*

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	7640-0
Legislative References	*Customs Act*, Section 33, 35, 133(1) & (2) *Customs Tariff* *Excise Act, 2001*, *Excise Tax Act* *Special Imports Measures Act* *Accounting for Imported Goods and Payment of Duties Regulations* *Agents' Accounting for Imported Goods and Payment of Duties Regulations* *Customs Brokers Licensing Regulations*
Other References	D1-6-1, D1-7-1, D1-8-1, D17-1-5, D17-5-1, D22-1-1 Form D120
Superseded Memorandum D	D17-1-8 dated July 11, 2014